

Introduction

The Cash-Value of Decolonization

It was a cloudless afternoon in Benghazi on May 1, 1970. When Mahmood Maghribi stepped out of the front doors of the makeshift offices of the newly incorporated Libyan National Oil Corporation, the sun beat down on his face. He let his eyes adjust to the glare and then addressed the small group of reporters. He reminded them that when appointed by Muammar Qaddafi to manage the oil affairs of the Revolutionary Command Council two weeks earlier, he had demanded an immediate increase in the price of Libyan oil. There was “no room for emotions” about the right of the Libyan government to lower production to put pressure on the nation’s foreign concessionaires, he now said. Recent resolutions by the Organization of Petroleum Exporting Countries and the United Nations General Assembly confirmed Libya’s right to enforce its sovereignty. He paused and let his words hang in the shimmering air. Then he gestured to the south, to the barren desert sparsely spotted with oases and oil rigs, and to the north, where tankers waited at Benghazi Port to carry their charge across the Mediterranean to the thirsty markets of Western Europe. “Our rights are clear and are supported by scientific facts,” he concluded.¹

Maghribi’s strategy was to link the international right to sovereign resource control with Libya’s geopolitical and structural advantages in the oil industry. It found quick success. By October 1970, each of Libya’s foreign oil concessionaires had given in to the demands written by Maghribi and signed by Qaddafi for higher prices, a higher tax rate, and greater Libyan revenues. The victory was like a starting pistol for the

¹ “Maghribi Warns Oil Companies against Resisting Libya’s Price Demands,” *PIW* 13: 28 (May 1, 1970), 2–3.

other members of OPEC. The oil nations negotiated new rules in Tehran and Tripoli in early 1971, which enshrined what Maghribi and others considered the sovereign right to control production and prices. By the middle of 1972, Libya, Algeria, and Iraq had nationalized oil production. By early 1973, Saudi Arabia and Iran had also squeezed agreements out of their foreign concessionaires for partial nationalization.

The pace of change, already swift, reached breakneck speed during the Yom Kippur War of October 1973. When the Nixon administration rearmed the Israeli army with Project Nickel Grass in the middle of that month, the Arab oil nations announced an embargo on the United States, general supply cuts, and a 70 percent increase in the posted price of Persian Gulf oil. The other OPEC members saw the financial opportunity and followed suit. By late December 1973, they had quadrupled the posted price of Persian Gulf oil. It was the first time that the OPEC nations set the price of oil, a power once reserved exclusively for multinational oil companies such as Exxon, Mobil, or British Petroleum, and subject to joint determination after the 1971 Tehran and Tripoli agreements. Thus began what was known in the United States, the industrialized countries, and



FIGURE 0.1 Mahmoud Maghribi presents his credentials to UN Secretary General U Thant, February 4, 1971.

Source: UN Photo/ARA. Courtesy of United Nations Photo Library, Photo No. 240683.

most of the world as “the energy crisis.” Libya and the OPEC nations, however, gave this a different name: “the oil revolution.”

Oil Revolution is a history of oil and decolonization in the mid-twentieth century that ends with the 1973–74 energy crisis and its immediate aftermath. Throughout the crisis, officials from the OPEC nations argued that their collective control of prices distilled a long-brewing anticolonial discontent into an internationally sanctioned takeover of their nations’ raw materials. They couched their victories as part of a massively influential but often forgotten vision of what this book calls “sovereign rights” – a diplomacy and, more broadly, a transnational political program that sought to use state power over natural resources to create what actors at the time described as “an economic equivalent of decolonization” or, more simply, “fair prices.” Algerian Foreign Minister Abdelaziz Bouteflika summarized the standard position for 1,500 representatives from ninety-five Asian, African, and Latin American countries gathered in Peru for the 1971 meeting of the UN Conference on Trade and Development: “The Third World countries, on the whole, lived through the battle that the oil producing countries had to fight. World opinion acknowledged therein a decisive progress in the establishment of new economic relations based on justice.”²

Such claims were built in the previous quarter century, in which decolonization forever transformed international society. They were newly important because the OPEC nations presented their oil price increases as a broader diplomatic achievement for the Third World. When Algerian president Houari Boumedienne called for a special session of the UN General Assembly in 1974 to discuss rising oil prices, he also framed his proposal in those terms. The poor nations needed “to follow the example of OPEC by uniting and presenting a common front” to end the “systematic plundering” that had characterized their economic life since the age of empire, he said. African, Asian, and Latin American leaders from over fifty nations responded by lauding OPEC, their oratory pouring forth for nearly three weeks in April 1974. The foreign minister of Tunisia captured their shared assumption in a simple declarative sentence: “Oil is at last being sold at a fair price on the international market.” The delegates finished the session by passing a Program of Action for a New International Economic Order. At its broadest, the New Order called upon nations to make communal use of their

² “OPEC Presented as Example to Follow at the ‘Group of 77’ Conference of Lima,” AOG 1: 4 (November 16, 1971), 18.

sovereignty “to correct the inequalities and redress the existing injustices” of international capitalism, described as “the remaining vestige of alien and colonial domination.”³

But what exactly did economic justice or emancipation mean? Who determined what a fair price was? More broadly, how did decolonization influence the post-World War II international economy? One iteration of sovereign rights diplomacy in a line of many, Libyan oil policy in 1970 posed those enduring questions. It also shifted the locus of power and the distribution of profits in the international oil industry. Furthermore, it set off the most concentrated nonviolent transfer of global wealth in human history. In doing so, it also spurred a transformation of the political landscape of international capitalism in a crucial era of flux.

On that late afternoon in May 1970, though, the fuller consequences of Maghribi’s actions lay over the horizon, like the markets that craved Libyan oil. For the moment he had a clear remit from Qaddafi and the Libyan Revolutionary Command Council for an important but difficult task: to use Libya’s sovereign right, an intellectual and political tradition born of the age of decolonization, to squeeze price increases out of the concessionaires. His success in doing so was not foretold. In fact, past failures dimmed his hopes. He had come of age in an era marked by arguments about sovereign rights, but they had often been powerless. It would be “unwise” for any one country “to embark upon such a step alone,” he had written in his 1966 George Washington University doctoral thesis on oil and “the new concept of ‘transnational law.’” In particular, the disastrous experience of Iran under Prime Minister Mohammed Mossadegh from 1951 to 1953 had set a trend that was “still too clear to be ignored.” Maghribi had also faced failure firsthand – as a young in-house lawyer for the American multinational Esso Libya, he had been fired, jailed, and deported in 1967 when he defied orders and organized student and dockworker strikes during the Arab–Israeli war.⁴

As a matter of fact, many observers discounted Maghribi and the government he worked for as radicals on the margins of respectable international politics. But the significance of his rights-based vision was not lost on Sir Eric Drake in the summer of 1970. During the Mossadegh crisis, Drake had managed the great Abadan Refinery, and he had

³ “Focus on Oil at the UN Special Session on Raw Materials.” AOG 3: 62 (1974), 5–6; UNOPI, Official Record, *Weekly News Summary*, April 12, 1974, WS/655; United Nations, *Yearbook of the United Nations*, 1974 (New York, 1975), 306.

⁴ Mahmood S. Maghribi, *Petroleum Legislation in Libya* (SJD Thesis, George Washington University, June 1966), 72–3, 180–7.

absconded to the company's headquarters in neighboring Iraq with the refinery's accounting books just before Iranian officials took control. Nearly twenty years later, now the director of British Petroleum, he warned U.S. officials and oil executives gathered in New York for an emergency meeting that grave consequences would result if the Libyans were successful. Like Maghribi had, Drake turned to the historical example of the Iranian prime minister. This was "the most important week in the history of the oil industry since Mossadegh."⁵

The seeds of that moment in 1970 and all that followed were sown a generation earlier, as the references to the 1951 Iranian nationalization imply. That is where *Oil Revolution* starts, in the first years of an age that was defined by the end of imperial rule across the globe. But decolonization was not just a massive structural change. It was also a movement. Maghribi, for example, described the "cruel and dark era" of European conquest as the most prominent feature of his father's and grandfather's lives. Decolonization, the freedom from that darkness, was the feature that molded his own. For him, as for others, decolonization entailed much more than the achievement of political independence from a colonial master. Instead, the rise of national assertion was an ongoing project. After all, the structures that upheld colonial power had not washed away with formal independence, and nowhere did postcolonial power exert itself with greater vigor than in the material world of economics. Leaders from Latin America, Africa, Asia, and the Middle East confronted that problem in the quarter century before the energy crisis and the New International Economic Order.⁶

Such a history of decolonization and oil presents daunting challenges of explanation. The 1973–74 price increases were a product of immense forces: the evolution of energy-dependent consumer and industrial societies across the world, technological trends favoring oil over other sources of energy, the concentration of accessible oil in fewer and fewer hands, and the training of anticolonial elites like Maghribi, not to mention the geopolitics of decolonization, nationalism, and the Cold War and the regional politics of the Middle East. Added to these large-scale factors were contingencies and disruptions that accumulated over time, such as the international response to the Iran oil crisis from 1951 to 1953, the participation of the Arab League in the 1955 Bandung Summit, the 1959 Arab Petroleum Congress and the 1960 formation of OPEC,

⁵ Wilmott to Ellingworth, "Libyan Oil," October 23, 1970, Foreign and Commonwealth Office: Commodities and Oil Department, folder 435, UKNA.

⁶ Maghribi, *Petroleum Legislation in Libya*, 3–4.

the 1967 Arab oil embargo, the 1969 Libyan revolution, the 1971 Tehran and Tripoli agreements, the 1971 British withdrawal from the Persian Gulf, the 1972 Iraqi nationalization, the 1973 Arab–Israeli war, and the rise and fall of the New International Economic Order.

Oil Revolution tells the story of those intersecting pathways by weaving together multiple contexts, ranging from national politics to international organizations to broader global intellectual and political trends. The contemporary argument that the energy crisis was also an oil revolution reminds us that it was in fact a product of a peculiar combination of economic, political, and intellectual circumstances – built by the actions and inactions of decision makers in international organizations, the oil-producing nations, the large multinational oil corporations, and the oil-consuming nations over two generations. In other words, the energy crisis was an episode in which the singularities of the moment were chronically bound up with persistent ways of thinking about the world.

Of particular interest for this book is one purposeful way of thinking: the collective culture of “economic emancipation,” as styled by the Non-Aligned Movement and then as part of the New International Economic Order. Embedded within that phrase and others like it was a progressive interpretation of recent international history, a unified theory of colonial oppression and liberation. A world of people like Maghribi subscribed to and acted upon that basic belief. It led them to pose questions about imperialism and statehood, about international inequality and reparative justice, and about the global distribution of wealth. The book thus begins with what was to them the most important transformation of their era: decolonization.

Any study of decolonization must depart from a set of basic assumptions. When empires faded away and nations rose to take their place after 1945, this was in itself a development of unprecedented scale and scope and profound significance. But it was made even more meaningful by the fact that colonizers and colonized alike hardly imagined it possible in the previous half century. The 1919 establishment of the League of Nations mandate system and the 1945 creation of the UN trusteeship system assumed colonial durability. But independence and nationhood became a sweeping new norm in the following generation, as UN membership grew from 45 nations in 1945 to 144 by 1975.⁷

⁷ On the introduction of former colonies into the international system, see: Rupert Emerson, *From Empire to Nation: The Rise to Self-Assertion of Asian and African Peoples* (Cambridge, MA.: Harvard University Press, 1960); Wm. Roger Louis, “The Imperialism of

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Yet if decolonization marked the birth of a different world, its etymology also inherently notes that the aftermaths of colonialism were many and the sources of trouble for new nations vast. This book argues that decolonization was an ongoing struggle to define the relationship of new states to international society, and that there is an intellectual, political, and cultural history of that struggle. Its narrative is one skein that winds through the entanglements of the decolonizing world: the rise and fall of the program of sovereign rights diplomacy that was born in the 1950s, came of age in the 1960s, and died in the 1970s.

Decolonization was a pendular process in international history – a moment in which one set of ideas and practices gained momentum as another lost it. The sense of forward motion was palpable to those who felt it, and a program of sovereign rights both embodied the problems of a world in transition and envisioned the future. Its expansion over time and space required a new sort of agent to traverse the decolonizing world: “the anticolonial elite.” Maghribi was one of the tens of thousands of people across the globe that formed this new international class, some of whom became hubs around which ideas of sovereign rights and postcolonial independence arose and crystallized into policy.

From Latin American economists to Middle Eastern oil ministers, the anticolonial elites I write about here had different professions, nationalities, ethnicities, life experiences, and opinions. But several characteristics bound them together. As was Maghribi, they were elite in their personal formation, by which I mean they were wealthy or politically connected enough to enroll in postgraduate education in their own countries, Western Europe, and the United States in a time when the great majority of men and women from their countries had no such opportunity (see Appendix I). Access to education and then professional opportunity, in turn, combined with the rise of decolonization and air transportation to make their spatial sweep vast. Their lives stretched from the classrooms and libraries of universities in London, Paris, New York, and Washington, D.C. to hallways and meeting rooms of the United Nations and OPEC to regional and international summits – from the New York Hilton to the Kuwait Sheraton, from Addis Ababa and

Decolonization,” *Journal of Imperial and Commonwealth History* 22: 3 (1994), 462–511; Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of Our Times* (New York: Cambridge University Press, 2005); Giuliano Garavini, *After Empires: European Integration, Decolonization, and the Challenge from the Global South, 1957–1986* (Oxford University Press, 2012).

Bandung to Geneva and Vienna (see Appendix II). They distinguished themselves as lawyers, diplomats, editors, authors, functionaries, and economists in their national governments and in institutions headquartered in the United States, Europe, Latin America, the Middle East, Asia, and Africa. They met in person and corresponded often. The records of their interactions suggest the mutual nature of their endeavors, the level of talent on hand, and their self-awareness.

Another characteristic of the anticolonial elite was their attempt to spread their views about the international order. Public diplomacy was part of sovereign rights. The elites most often communicated with each other in English or French at their meetings, and their associations rushed to translate other material into those languages. Their newsletters, pamphlets, conference minutes, interviews, articles, and resolutions circulated freely and were often retailed by international organizations or interest groups. In many cases their work was part of ambitious projects funded and directed by institutions like the Carnegie Foundation or university academic departments, and in others it was conducted under the auspices of commissions created by international organizations such as the United Nations, OPEC, the Non-Aligned Movement, and the Arab League, or by smaller groups including national bar associations, regional economic working groups, or private consulting firms.

Anticolonial elites were thus widely dispersed, but they also occupied a common political and intellectual terrain. As they tried to understand and shape the complex conditions at hand, they created and reproduced networks of affiliation that made it possible for them to pose their challenges to international capitalism. They developed expertise, created policies, and mobilized language that rang true to each other.

The output of this determined set of voices led to an influence that was new to the second half of the twentieth century. To be sure, anticolonial dissent had shaped political life in Latin America, Asia, Africa, and the Middle East since the nineteenth century. But if the ferment surrounding divisions of wealth and power had a long history, the anticolonial elites' forerunners eked out a precarious existence on the margins of imperial society. Relations between colonial subjects and masters overshadowed others, a circumstance that forged a closed circuit that had barely begun to crack open in the first half of the twentieth century. It was only when the end of empire was nigh that anticolonialism could crystallize into a definitive arc. It was then that Maghribi and others came of age and began to use international institutions and conferences to establish a common agenda. From the 1950s on, they would face each other and their former

rulers more frequently, more overtly, and on different platforms than ever before.⁸

The anticolonial elites also shared a profound feeling of vulnerability, especially in the face of the continuation of economic relations that had been established in the colonial era. They inherited many problems from the past, some of which were of a global economic order, even as their rise to self-assertion created a situation with no historical template with which to address those problems. They thus entered debates about the international economy with verve and made a passion out of the counteraction of economic subjugation. They sought to turn the spotlight onto what they considered a less formal, but no less important, form of discrimination and inequality.

Despite their vast differences in experience and setting, this highly developed sense of a common heritage of subjugation brought them a measure of common identity. Richard Wright, for example, described the elites who attended the Afro-Asian summit in Bandung, Indonesia, in 1955 as representative of “[t]he despised, the insulted, the hurt, the dispossessed – in short the underdogs of the human race.” Many of the new elites were colonial subjects or former colonial subjects, and all of them expressed their familiarity with imperial oppression. In other words, for this international group of people, the imperial past was never really the past.⁹

Rarely, then, were anticolonial elites attracted to sovereign rights purely through cold, rational analysis. Rather, they used their capacity to analyze for political ends. Relatedly, although individuals tended to develop their expertise on narrow subjects, they trusted their own enthusiasm enough to generalize about pressing problems based on the evaluations of their peers.

At the center of attention in this book, then, stand the ideas and deeds of this new international class of anticolonial elites – their impressions of what decolonization meant and how it related to international capitalism, the changes they sought, and the policies they found desirable. In their sum, the anticolonial elites were an internationalist intelligentsia who saw themselves simultaneously as actors and theorists of an incomplete project

⁸ Cemil Aydin, *The Politics of Anti-Westernism in Asia: Foundations of World Order in Pan-Islamic and Pan-Asian Thought* (New York, Columbia University Press, 2007); Erez Manela, *The Wilsonian Moment: Self-Determination and the International Origins of Anti-Colonial Nationalism* (New York: Cambridge University Press, 2007).

⁹ Richard Wright, *The Color Curtain: A Report on the Bandung Conference* (New York: World Publishing, 1956), 11.

of liberation. Their shared cast of mind flowed from decolonization and was formed under the assumption that decolonization itself was best understood in the context of the long colonial era that preceded it. Their ideas of the past became a standpoint from which they made sense of the possibilities of decolonization to overhaul all sorts of international relationships in the future, including economic ones.

Anticolonial elites concerned with oil, too, took full part in the sovereign rights program, for oil was always part of the debates through which anticolonial elites envisioned an economic sequel to decolonization. This book explains that sovereign rights was entwined with the oil industry from the beginning. It also points out that the mutual feedback between decolonization and the question of international economic justice was nowhere more consequential than in discussions about oil. Just as the production of oil has always been eminently political, at the very least, so too did decolonization always have an economic character. In fact, the influence of decolonization in economic thought and practice set the stage for some of the most important episodes of twentieth-century international history, including the oil revolution.

Oil became important to the history of decolonization in part because it is different from phosphates, bananas, copper, coffee, tin, or other major commodities traded on a global scale. Simply put, oil is more precious to humans because it penetrates more deeply than any other natural resource into the inner workings of the modern global economy. After World War II, especially, energy consumption soared and oil drove the continued economic growth of the industrialized nations and the programs of rapid development of the poor nations. The oil industry is also a key site to study the influence of decolonization because of its unique geographical concentration. Throughout this history, oil was accessible in very few areas of the world, many of which lay in or across nations that had experienced some sort of past subjugation. In addition, as *Oil Revolution* reveals, the concessions that governed ownership, production, and price until the 1970s were considered by and large unfair agreements by anticolonial oil elites.

Oil thus held a unique but telling place in the global political economy. In fact, it is precisely because of its unique value, function, and concentration that it became a prism through which sovereign rights was projected. Control over oil became, by the time Qaddafi appointed Maghribi, a marker of the extent to which anticolonial elites could use decolonization to change international economic practice. The link between